GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA

STARRED QUESTION NO:138
ANSWERED ON:23.11.2007
FINANCIAL GRANTS FOR DEVELOPMENT OF CITIES
Gudhe Shri Anantrao

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether many hurdles are coming in the way of development of cities because of low-income of Municipal Corporations and Municipalities;

(b) whether the Government has formulated any scheme for extending financial grants to Municipal Corporations and Municipalities; and

(c) if so, the details thereof?

Answer

MINISTER OF URBAN DEVELOPMENT (SHRI S. JAIPAL REDDY)

(a)to(c): A Statement is laid on the Table of the Sabha.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 138 FOR 23.11.2007 REGARDING FINANCIAL GRANTS FOR DEVELOPMENT OF CITIES.

(a): Municipalities is a State subject. Low income of municipalities may be one of the reasons coming in the way of development of cities.

(b)&(c): The Government of India launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on 3rd December, 2005 to give focused attention to integrated development of urban infrastructure and services in select 63 cities as well as Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programme (IHSDP) which provide for reforms linked financial assistance to municipal bodies. A total financial assistance of Rs.50,000 crore has been envisaged under the above components over the Mission period of 7 years (2005-06 to 2011-12). The financial assistance available under JNNURM for urban infrastructure varies from 35% to 90% depending upon demographic size and location. Cities having population more than 40 lakh are eligible for central assistance of 35% of approved project cost, whereas cities having population between 10 lakh and 40 lakh and less than 10 lakh are eligible for central assistance of 50% and 80% respectively. The cities in the States of North East and J&K are eligible for central assistance of 90% of approved project cost.

The financial assistance available under UIDSSMT is of the order of 80%. In case of States in the North East and J&K, the cities are eligible for central assistance of 90% of approved project cost.